

THE RECOVERY OF THE GUILDS

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February 2011

Is it possible that the guilds, those great symbols of medieval culture and enterprise, might be restored to life in our own time? The guilds were an association of freemen, of craftsmen working together to sustain each other, and through apprenticeship and training, to ensure the quality of what they produced. It is no accident that the great cathedrals of the medieval period did not leave the names of their builders behind them. Each man worked quietly and well as part of the group, and sought no fame for himself.

The Guild Idea

Generally speaking, the guilds were groups of craftsmen in medieval England and elsewhere who submitted themselves to a system of mutual aid, but also of mutual discipline. They were not communes; each workshop was led by a Master who worked for his own profit. The nearest modern analogy would be the farmers of Denmark and the Netherlands, who own their own land and take the profit, but market their produce through great co-operatives. The guilds, however, were much more than that. No one could become a member of a guild without serving a long apprenticeship, and only the members of the guilds (the Masters) had a say in the running of it.

Each Master was assisted by “journeymen” (a skilled worker paid by the day, from the French *ournée*) and by apprentices. No Master was allowed to employ more than a certain number of apprentices or journeymen, and to ensure that trade was fair there were restrictions on production. For example, it was forbidden to work by artificial light.

There is an important fact which is often overlooked. While the King did try and regulate trade, the State was so weak in the Middle Ages that it was ineffectual in doing so. The Assize of Bread, Ale and Cloth was a council which set the price of these items, but to no avail. What the Crown could and did do was to give the guilds protection from rapacious nobles by incorporation by Royal Charter. Life on the land in this period was one of self-sufficiency and barter, and what little which was sold for cash went to the great markets in the towns, which were effectively the only centres of economic life

Hence trade in the Middle Ages was a very local affair. Each town was almost a self-sufficient local economy, and therefore the members of the guilds and their customers knew each other well, and could easily and lightly ensure that the rules were maintained. The effective ban on “usury” (lending money at excessive interest rates, normally more than 3% p.a.) was not enforced by the Crown; it was sustained by the immense moral authority of the Church from which it derived, and it was monitored in the local community by the

guilds.

There are two other points worth making here. The first is the overwhelming importance of the Church in the economic life of medieval England. (Feudalism, by its nature, was based on service and *not* on the exchange of goods for cash.) In 1496 a survey found that the King's income from rents was £18,000 a year. The forty or so great nobles had incomes of £500 to £1000, and the 10,000 knights an average of £40 a year. There was no inflation in this period, and in 1535 Cromwell (surely the first secret policeman in history) informed the King that the 553 monasteries and friaries had an annual income of £135,000.

The second is that medieval life was based on want, and on the constant likelihood of starvation. In the modern world, at least in the rich North, there is an *abundance* of goods and services. Any control of production, as was practiced by the guilds, can only be to create a "cartel" in order to raise prices and increase profits. In the medieval world drought, plague, or war could, and often did, lead to hunger and famine. In such a background of *scarcity*, the guilds not only maintained standards of quality but insisted that goods should be freely and fairly available, so that craftsmen could not extort undue prices from their customers. In many cases the guilds enforced the sale of goods only in public markets, so that less aware buyers could not have their ignorance abused. The practice of "forestalling", of buying goods before they were brought to market, was prohibited, as was "regrating", buying things in a market and selling them again for a higher price. "Engrossing", the idea of buying up goods with a view to restrict supply and force up price was particularly despised. The system was meant to be fair to both buyers and sellers, quite unlike the rapacious tax-collectors of ancient Rome or the admired rogues of modern capitalism. In Merrie England, unlike its modern successor, *caveat emptor* was not required.

I will end this description with some lines from Chesterton's *Short History of England*.

"The very vital importance of the word 'Master' is this. A Guild was, very broadly speaking, a Trade Union where every man was his own employer. That is, a man could not work at any trade unless he would join the league and accept the laws of that trade; but he worked in his own shop with his own tools, and the whole profit went to himself.... A master meant something quite other and greater than 'boss'. A master meant a master of the work, where now it only means a master of the workmen. It is an elementary character of Capitalism that a ship owner need not know the right end of a ship, or a landowner have even seen the landscape.... The other grades were the journeyman and the apprentice; but like the corresponding degrees at the universities, they were grades through which every common man could pass. They were not social classes; they were degrees and not castes.... The old Guilds, with the same object of equality, of course, insisted peremptorily upon the same level system of payment and treatment which is a point of complaint against the modern Trades Union. But they insisted also, as the Trades Unions cannot do, upon

a high standard of craftsmanship which still astonishes the world in the corners of perishing buildings or the colours of broken glass.”

Late Medieval society (1350-1540) was founded, according to economic historian John Burnett, on “a code of mercantile ethics, based ultimately on the precepts of the Church, (which) decreed that craftsmen should make their goods honestly and well, that sellers should give good weight and be satisfied with reasonable profits. In such a philosophy the laws of supply and demand took a subordinate place to natural justice and the needs of the community.” Here “Mercantile” merely means a system where trade is regulated to meet other criteria, such as social justice or the aims of the State.

The period was also one of almost astonishing prosperity for the majority of the population. After the Black Death around 1350, prices tended gently to decline while wages were stable. Most historians agree that the seizure of Church property, the enclosure of the common land, and the great inflation begun by Henry VIII’s debasing of the coinage, all led to a steady relative decline in the economic position of the ordinary man which did not stop until the twentieth century. It is almost incredible, but true, that as wealth became more and more concentrated in the hands of the rich, the craftsmen and yeomen farmers went from prosperity to survival and then, ultimately, destitution.

As Chesterton put it: “But in fact the Guildsmen (as also, for that matter, the serfs, semi-serfs, and peasants) were much richer than can be realized.... The surplus is self-evident upon any just study of the prices of the period, when all deduction has been made, of course, for the different value of the actual coinage. When a man could get a goose or a gallon of ale for one or two of the smallest coins, the matter is in no way affected by the name of those coins. Even when the individual wealth was severely limited, the collective wealth was very large – the wealth of the Guilds, of the parishes, and especially of the monastic estates.”

Hence the essential importance of the guilds is twofold. Firstly, in moral terms they were the means whereby a society for two centuries was based on social justice and the ethical teaching of the Church. Secondly, as a consequence of the above, ordinary men had a level of prosperity that they did not see again for four centuries, until the post-1945 welfare state and the rapid economic growth then seen.

The Revival of the Guild Idea

The guilds did not die, as is generally supposed. They were stolen from us, as part of the process whereby church property was seized, common land enclosed, and the medieval knight transformed into the rich landowner. The rich peasantry of the Middle Ages could support guilds of craftsmen who supplied much the same to the Lord in his castle and to the poor man in his hovel; economically there was not a huge gap between them. When the peasantry were reduced to landless labourers, while the aristocracy gained huge riches and almost total political power, there was no longer any need for crafts. The new rulers wanted

“artists” to glorify them in paint and stone, just as prostitutes hide their shame with rich fabrics or drug dealers reassure themselves with gold chains. As royal power withered from the reign of Elizabeth to that of Charles I, the Crown was increasingly forced to grant monopolies in such things as spices or salt to rich men. Thus political forces directly attacked the guilds, a process continued in the late seventeenth century by the advent of the joint-stock company, and in the late eighteenth by the Industrial Revolution.

Can we recover the guilds from the theft and force which destroyed them? I think that for the first time in probably four hundred years the time may be right to do so. Chesterton himself wrote little on how the guilds might be restored. That fell to his friend and colleague Hilaire Belloc. In his *Essay on the Restoration of Property* Belloc advocated “a third form of society, and it is the only one in which sufficiency and security can be combined with freedom, and that form is *a society in which property is well distributed, and so large a proportion of the families in the State severally [individually] OWN and therefore control the means of production as to determine the general tone of society;* making it neither Capitalist nor Communist, but Proprietary.”

Belloc noticed that for all practical purposes there was little difference between Communism and Capitalism in the economic sphere; in the former the mass of the population were slaves forced to work under compulsion for the benefit of a small elite, while in the latter the means of production were owned by a small group who exploited the masses as “wage-slaves”. Belloc’s Distributist alternative was that, as much as possible, the means of production (also called by him “Property”) should be owned by the family unit, trading with other family units under the umbrella of the guilds.

There were two reasons why this should be so, both echoing earlier teaching of Leo XIII in *Rerum Novarum*. The moral reason was that “Man’s actions are of moral value to him if they are taken on his own initiative; not if they are undertaken under compulsion. Therefore, the use of choice is necessary to human dignity.” Hence only the craftsman in his workshop could find the real value in his work denied to the wage-slave or Communist proletariat. Secondly, there is a practical reason: “that widely distributed property as a condition of freedom is necessary to the normal satisfaction of human nature. In its absence general culture ultimately fails, and so certainly does citizenship.” This last surely cannot be argued against: it was the lack of a self-sufficient middle class in Russia which enabled the Bolsheviks to fill the vacuum left by the fall of the Tsar, while it was the ruin of the German middle class by hyper-inflation in 1923 and then by Depression which paved the way for the rise of Hitler.

It is often argued that Belloc and Chesterton were starry-eyed idealists who knew nothing of the real world. Nothing could be further from the truth. In his *Essay* Belloc argued that this was a human not a mechanistic, “perfect”, solution, and one that would take generations to achieve. He further stated that it could not even be considered unless there were a favourable state of mind of society to achieve it, and the State used its powers to

prevent Capitalism from crushing the new plant. Belloc rejected the Marxist notion that modern technology necessitates large-scale production, pointing out that while this was true, for example, of the invention of the railways, it was not true of the motor car. While large-scale Capital has many advantages, these are in many cases not natural, but the result of “bullying”, which would not be allowed in a well-ordered state. (This includes huge spending on advertising to promote inferior products, the extraction of large discounts from suppliers, and the power to borrow at much cheaper rates than the small company. As any small businessman knows, the old joke, “owe £10,000 and the bank owns you, owe £10 million and you own the bank,” contains a bitter truth.)

In his *Essay*, Belloc thought that small businesses should be encouraged in three areas: agriculture (the most important of all), the small shops, and the crafts. Their revival should be protected by the State and actively encouraged by differential taxation in their favour. Nevertheless he remained pessimistic. “Respect for reality compels me to say that the Restoration of Property when that institution has all but disappeared is a task *almost* impossible of achievement.” Sadly, despite some initial public support for these ideas, nothing came of them. (It is worth noting, however, that after the Second World War most of Continental Europe passed laws prohibiting the excessive development of supermarkets. Whether the generally Christian Democratic governments knew of Distributism is unclear, but they certainly saw the survival of the small shopkeeper as a bulwark against the revival of Fascism. Of course nothing similar occurred in the United Kingdom.)

The Failure of Distributism

Why did Distributism come to nothing in the pre-war period? Firstly, Belloc and his colleagues probably underestimated the importance of technological change. The *Essay* was written in 1928, the same year that Henry Ford laid down the first modern production line in Detroit. Products such as the radio and the car could only be available for the mass market at a price the proletariat could afford by the assembly of standard parts on such a line. This process continued after the War, when the profitable growth markets were synthetic chemicals and textiles, and later electronics. Even in agriculture, the new availability of tractors coupled with cheap oil made them more efficient than horse-drawn labour. Since a tractor can work all the hours of daylight while a horse cannot, mechanization of agriculture required the abolition of many field boundaries to make large-scale farms, and caused a further exodus of people from the land. In modern Britain, the percentage of people who work on the land is minute, less than four per cent.

Belloc’s second proviso, that nothing could be done until there was a favourable state of mind to own and support property well distributed, was well observed but sadly unfulfilled. The 1920s and 1930s were an era of mass movements. In total disillusion at the failure of progressive liberalism, which dissolved in the discontent of the Edwardian period and the blood of the trenches, most observers in the 1930s saw the future as a stark choice between the two illegitimate sons of Socialism, namely Fascism and Communism. At the same time the period saw the growth of “popular culture” *via* the cinema, radio, and later

television. The post-war period was dominated by the cult of hedonism and material prosperity. Collective groups were regarded with suspicion, and aggressive individualism was the intellectual credo. In industry and commerce the post-war period saw a rash of takeovers and mergers (what Chesterton and Belloc called “amalgamation”), which led to most industries being dominated by huge oligopolies. For example, in 1914 there were over 2,000 breweries in the UK, but by 1970 there were effectively only six. Governments encouraged this process, offering a safety net of benefits while high wages kept the masses content. Large companies in the West as well as the East offered effectively lifetime employment, high sickness benefits to their employees, and the prospect of a good pension on retirement.

(It may be worth making a theoretical point here. Modern economic theory is based upon the work of Adam Smith in the 1780s, and successors who followed him such as David Ricardo in the 1820s and John Stuart Mill in the 1850s. The world they described was one of a large number of small companies competing to supply customers. Technically this is called perfect competition, and is the model still used today. It was an accurate picture of early Victorian capitalism, but bears little resemblance to economic life now. The first great modern capitalist was probably John Rockefeller, who used dubious methods to gain control of 90% of the United States’ oil supply in the 1860s. Rockefeller’s company, Standard Oil, was broken up in 1900 by order of the Supreme Court. This trend to monopoly or two or three large producers dominating an industry is actually common in modern capitalism, but gets little mention in the textbooks.)

It seems to me that only in the last few years has the pendulum swung back towards the small producer. Automation of the factory has resulted in manufactured goods becoming “commodities”, products no longer able to sustain high profits.[1] If we look at the computer industry it is clear that not only is there a clear trend away from expensive mainframe computers to small personal ones, but there is a change in the very nature of the industry itself. The manufacture of computer chips and the ability to put them together to make a powerful machine is now a commodity business. The one profitable area of the industry is software, which is why the leaders in this field, such as Microsoft, have become immensely rich. Yet the production of software, as yet, cannot be mechanized. It requires the co-operation of a large number of skilled men. This trend is most apparent in the computer field, but is apparent throughout industry.

This change in technology and areas of profitability makes a revival of the guilds at least conceivable. One might say that the giant corporations which have dominated economic life for the past 150 years are increasingly empty husks from which the vitality is departing. Read St. Augustine, and there seems a parallel with the lifeless cities of the late Roman Empire. As the cities declined, men moved into the *villae* which were the harbingers of the feudal system to come. The guilds could be the new *villae*.

The New Thinking

Lest all this be thought exaggerated, listen to the man who became the leading business strategist of the late twentieth century. The Austrian economist Peter Drucker came to the United States in 1939 as an adviser to General Motors, and his 1946 book *Concept of the Corporation* redefined the ways businesses looked at their resources, in particular their staff. (Essentially Drucker asserted that it was the business of management to involve and lead staff at all levels to maximize their contribution to the company.) Drucker was one of the inventors of the theory of “re-engineering the corporation”; the idea that large integrated corporations are dinosaurs who will be forced to contract out most of their functions to independent consultants employed as and when needed. Thus for example a company like IBM, which employs 500,000 people to cover every stage of the design, manufacture, and marketing of computers, will focus on a few key areas with a core management staff which might be (my estimate) 80,000 people. Another historical example: a modern army consists of a large number of specialists all working together, but its medieval forebear was composed of a very small kernel of professional knights who recruited archers, pikemen, etc. as they needed them.

Discussing his book *Post-Capitalist Society* in the *Harvard Business Review*, Drucker states: “Corporations once built to last like pyramids are now more like tents.... You can’t design your life around a temporary organization”. He emphasizes that most of the great corporations which dominate world trade today such as the large oil, steel, and food companies, came into existence in the period 1890-1914 and have not changed much since then despite two world wars, global depression in the 1930s, and rapid technological change since 1945. He notes that whereas for most of the post-war period the proportion of people employed by large companies steadily increased, this situation was reversed in the last ten years of the twentieth century, until the proportion of the US workforce employed by the Fortune 500 (the 500 largest companies in America) had fallen from 30 to 13 per cent.

“The current emphasis on reengineering essentially means changing an organization from the flow of things to the flow of information.” The new organizations think of themselves as composed of equals working together towards a common goal. They need to go “beyond senior/junior polarities to a blend with sponsor and mentor relations. In the traditional organization – the organization of the last 100 years – the skeleton, or internal structure, was a combination of rank and power. In the emerging organization, it has to be mutual understanding and responsibility”. Sponsor and mentor sound a bit like master/apprentice to me, while mutual understanding and responsibility have not been seen in business since... you guessed it... the guilds.

The Distributists argued that the burden of taxation and regulation tends to fall much harder on the small business than on the larger (for example the large enterprise has an accountant to fill in the quarterly VAT returns, whereas the small businessman has to give up his weekend to do so). Lower taxation and regulation therefore enables small business to flourish. You might think that mechanical engineering is the classic industry where large-

scale production is essential – not so! Germany’s success in this area has been achieved by the *Mittelstand*, the name given to small and medium-sized companies there. Germany has only 665 quoted companies but 15,000 smaller ones with turnover above £5m. Three quarters of the German workforce is employed by the *Mittelstand*.

People often think that the trend to small business reflects a trend from manufacturing to the service sector, with the self-employed consultant working at home and living by his wits as the classic example, and there is a lot of truth in this. Yet given the right conditions small manufacturers can and do flourish. Unfortunately the UK has actually a poorer record for the protection of small business than any major economy in the world. It does not seem to have occurred to our politicians until recently that the UK’s continued relative economic decline may be a result of its dwindling stock of small firms. The relative stability of France and Germany’s share of world trade is in stark contrast to the steady decline of the UK. Yet even in the UK there are opportunities: the more sophisticated retailers such as Marks & Spencer and Ikea have found that modern computer stock-control technology can tell them on a daily basis which items are selling well and which are not. Large suppliers with huge factories find it impossible to work on such a flexible basis; what M&S and Ikea are therefore doing is to create a network of small suppliers who are local, working with the large retailer on design and to assure quality, but also independent. There is also a lot of anecdotal evidence that a new breed of educated craftsmen is emerging, people who have been to university and then studied pottery or high quality furniture manufacture. There is increasing disgust with the blandness of machine production, and things made beautifully and well by human hands are rising in value, enough (perhaps) to support more to make them.

The Principle of Mutual Support

The other main function of the guilds, only briefly mentioned so far, was to enable men in a given trade to help and support each other in times of sickness or general hardship. Such ideas survived in etiolated form in the trades unions. Yet for most people, certainly since the post-war establishment of the welfare state in Britain, this function has been taken over by the state at a basic level. The middle class could rely on a career for thirty or forty years with one employer. The employer not only guaranteed employment, but provided generous sick-pay in times of illness, and a high pension on retirement. Both these supports have crumbled, and expectations are now very different. Increased longevity is putting the cost of social security benefits beyond the ability of governments to pay.

There is another factor here which the authorities have recently found it impossible to hide: most governments since the 1950s have funded their excess spending by a policy of steady borrowing, so the burden of State debt has risen as a proportion of the economy in most countries. Lenders are saying to governments that they must not only cut spending to be in line with receipts, they must cut it by *more* to start paying back the debt. With large employers in trouble, only a small fraction of their workforce will in future be full-time employees and get the support given to them in the past. In this situation, most people need

to make provision for themselves. The UK government has therefore tried to encourage people to take out personal pensions for themselves, but the experiment has failed. Essentially, the costs per individual were very high, while individuals lacking knowledge of this area were often taken advantage of by the sellers of these policies, normally insurance companies, to generate very high commissions for themselves.

The obvious answer is for groups of individuals to band together so they retain the benefits of the group size for themselves. Most of today's insurance companies and building societies started life in the nineteenth century as "friendly societies". These were groups of poor men who joined together to buy a house or insure their lives at a much better rate than the companies of the day offered them. When you see "permanent" on the side of a building society, it is a reflection of those days. Many building societies, on the other hand, were "temporary"; i.e. when the last of its 100 or so members had bought his house, the society was wound up.

It seems to me that modern technology allows people to form *self-help* groups and buy their pension or healthcare insurance in bulk, bypassing the insurance companies and their like. A self-help group will work best if its members have an interest or some area of activity in common, so that they feel ties of loyalty to each other and have a forum where they can meet. A guild of workers such as writers, or computer consultants, has members with similar needs, and is a perfect vehicle for such a self-help group.

When in 1870 Prussia absorbed the Catholic Rhineland and Bavaria into its new German empire, Chancellor Bismarck tried to impose Prussian ideals of militarism and subservience to the State on the new lands. An attempt to do this *via* education, the *Kulturkampf* (or battle of culture), was defeated by the strenuous efforts of the Catholic Church led by Leo XIII. It is my belief, though I have never seen it said in any textbook, that the economic success of West Germany after the Second World War was due to the fact of its being mainly based in the Catholic parts of Germany, with the social cohesion this gave, while Prussia fell under Soviet control. Certainly for most of the post-war period, West Germany was ruled by a Christian Democrat/ Christian Social Union government. Christians should take heart from this, and consider the role they might play in bringing back a sane economic system, at a time when individualism and economic ideologies have brought our societies to the point of ruin.

Conclusion

That is the economic argument why governments can and should support associations of small business. Let us glance at the political ones. There is no doubt that Communism was the natural heir and consequence of the French Revolution's insistence on the abolition of all tradition and the predominance of the State. Robespierre's "Reign of Virtue" in 1794 was an attempt to create a new religion enforced by the guillotine and mass murder; Lenin learned the lesson well. Cardinal O'Connor of New York once wrote:

“In my own review of studies marking the 200th anniversary of the French Revolution, I was struck by the postulate that the Declaration of the Rights of Man was an effort to destroy or control all mediating agencies that stood between the individual and the government. The lie was that the individual would thus be free of the ‘middle man’, able to negotiate as an equal directly with the government. The reality was that the individual was left hopelessly vulnerable in a one-sided governmental attack on his rights, unprotected by such mediating agencies as family, church, school or a transcendent moral code.”

This last sentence rings true of the legacy of Communism. Yet “mediating entities” have collapsed in the West as well, under a different set of historical pressures. Nevertheless, the technological and economic environment is more favourable to the re-emergence of the guilds than it has been for centuries. In the UK, the 2010 election installed a government committed to the rebuilding of the “Big Society” and reviving localism. A revival of the guilds would be a keystone in the political process of rebuilding mediatory agencies along with church and school. It is up to us who believe in the necessity of as many members of our society as possible being the economic masters of their fate to create a demand for the recovery of the guilds in our time.

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NOTE

[1] In economics a commodity is something widely available and therefore of low added value. “Added value” is another way of describing the profit accruing to a business, or its profit margin. Let us use the example of a small shoemaker who makes two shoes a day. If he can sell them for £100 the pair, with his costs being £80, his added value or profit margin is 20%; if he can sell them for £160, his value added is 50%. Businesses with high-added value generate large profits that can be reinvested to raise value-added still more, while businesses with low value-added tend to slowly die as machines wear out and they cannot afford to replace them.